

Castile Resources Ltd

High-grade copper-gold in the NT

August 2021

Recommendation: BUY

- **Advancing the high grade Rover Copper-Gold Project in the Northern Territory**
- **Exciting drill results, Resource upgrade and PFS to provide near-term catalysts**
- **Potential for “hub and spoke” multi-site operation over time**

ASX: CST

Share Price: \$0.18

Target Price: \$0.42

M/Cap.: \$35.9M

Valuation: \$0.42/share

Valuation: \$168M

Shares (M): 199.7

Monthly T/over: \$1.3M



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Petra Capital Pty Ltd



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Figure 1: Top 20 Shareholders (Dated June 2021)

	Name	Shares	%
1	ASA Gold and Precious Metals Limited	12,500,000	6.26
2	GSCO - ECA Resource Geologic Partners	12,337,678	6.18
3	Kingdon Capital Management, LLC	10,815,167	5.42
4	Peter Cook	10,395,117	5.21
5	Paradice Investment Management Pty Ltd.	9,783,749	4.90
6	Ruffer LLP	9,045,657	4.53
7	Merchant Funds Management Pty Ltd	7,500,000	3.76
8	Andbanc Asset Management Luxembourg SA	7,102,890	3.56
9	Ram Kangatharan	6,431,960	3.22
10	CQS Investment Management Limited	5,924,247	2.97
11	Newball Pty Ltd	4,000,000	2.00
12	Peter Newton	3,470,828	1.74
13	PHH Pty Limited	2,810,000	1.41
14	BlackRock, Inc.	2,687,768	1.35
15	John Rodgers	2,500,000	1.25
16	Merchant Group Pty Ltd, Asset Management Arm	2,450,000	1.23
17	Commonwealth Superannuation Corporation	2,408,274	1.21
18	Novarc SA	1,500,000	0.75
19	U.S. Global Investors, Inc.	1,500,000	0.75
20	Mark Hepburn	1,310,000	0.66
	Top 20	116,473,335	58.32

Source: Iress

Castile Resources Ltd (CST)

Buy

Share Price: A\$0.18

High grade copper-gold in the NT

Target Price: A\$0.42

The 'Rover Mineral Field', ~80km south west of Tennant Creek in the Northern Territory, is being re-discovered as Castile Resources (CST) define a robust, high grade gold and base metal development opportunity. A significant drilling program at the Rover 1 target is demonstrating a very high grade iron-oxide copper-gold (IOCG) deposit, with an updated resource and pre-feasibility study (PFS) due in Dec. Q'21. We see potential for a +11ktpa Cueq operation. Significant upside can come from exploration success at the nearby Explorer 108, Explorer 142 and Rover 3 prospects which could underpin a significant, multi-mine, gold and base metal production hub over coming years. With few high-grade gold and base metal assets emerging on the ASX, CST is well placed to attract increasing investor interest as drilling progresses and the potential scale of the mineral field is better recognised. We initiate with a BUY and A\$0.42/sh PT based on conservative development assumptions on Rover 1 as a 4.6ktpa Cu and 32kozpa Au operation.

Resource expansion at Rover 1 – share price catalyst

- Drilling aimed at expanding the 178kt Cueq (930koz Aueq) Resource at Rover 1, recent drill results include:
 - 42m at 4.1% Cu from 360m
 - 32m @ 8.6g/t Au and 0.8% Cu from 571m
 - 30m at 35.6g/t Au and 1.5% Cu from 506m
- Mineralisation is typical of the great Tennant Creek IOCG mines which operated through to the mid 1980's. Resource upgrade and PFS targeted for Dec. Q'21 on completion of a 10,000 drill program (March-Sept. 2021).

Nearby targets are highly prospective

- Explorer 108, Explorer 142 and Rover 3 prospects to be the focus of geophysics and drilling in coming months.
- Explorer 108 hosts 12Mt at 3.2% Zn, 2% Pb & 11g/t Ag; with a Mt Isa model in-mind, drilling will test the deeper, copper-rich part of the system.
- Successful exploration would unlock considerable development and production upside potential.

Target price of A\$0.42/sh with by-product upside

- We value CST at A\$0.42/sh (fully diluted) assuming Rover 1 is developed as a 425ktpa operation for A\$100m capex, producing +11ktpa Cueq at a negative AISC of -A\$0.38/lb (after Au credits) for 8yrs; first prod. in 2025.
- Potential for high grading and early-stage prod. upside. CST is also investigating the potential for significant by-product revenues (A\$25mpa Petra est.) via processing the tailings stream (magnetic separation) to produce high-value (US\$450/t) coal-washing magnetite.
- M'cap of A\$0.04/lb Cueq Resource is cheap versus Cu explorer/developer/small producer average of A\$0.19/lb.

Key Dates Ahead

- Ongoing – Rover Mineral Field exploration drilling results
- Dec. Q'21 – Resource update & PFS at Rover 1

Company Data

Shares – ordinary (M)	199.7
Dilution (M)	3.6
Total (fully diluted) (M)	203.3
Market capitalisation (\$M)	35.9
12 month low/high (\$)	0.16/ 0.47
Average monthly turnover (\$M)	1.3
GICS Industry	Metals & Mining

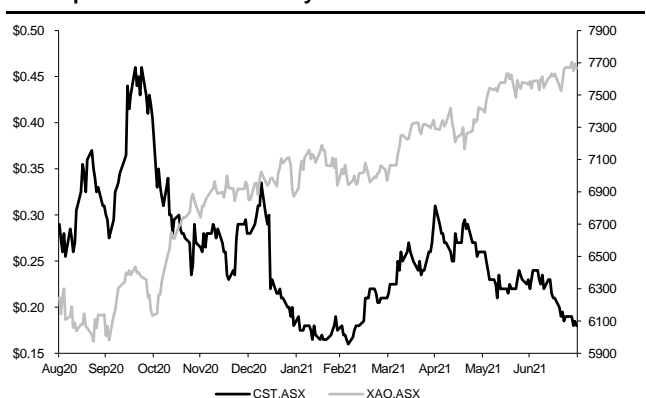
Financial Summary (fully diluted/normalised)

Year End June	FY21F	FY22F	FY23F	FY24F	FY25F
Revenue (\$M)	0.0	0.0	0.0	0.0	114.0
Costs (\$M)	-1.7	-2.0	-2.5	-3.0	-63.4
EBITDA (\$M)	-1.7	-2.0	-2.5	-3.0	50.6
NPAT (\$M)	-1.3	-1.8	-2.0	-2.7	34.2
EPS (¢ps)	-0.6	-0.7	-0.7	-0.8	8.6
EPS growth (%)	na	na	na	na	>100%
PER (x)	na	na	na	na	2.1
Op. Cashflow (\$M)	-1.5	-2.0	-2.5	-3.1	35.2
OCFPS (¢ps)	-0.7	-0.8	-0.9	-0.9	8.9
POCFPS (x)	na	na	na	na	2.0
EV (\$M)	19.2	87.7	63.3	30.2	2.6
EV / EBITDA (x)	-ve	-ve	-ve	-ve	0.1
Payout ratio (%)	na	na	na	na	na
Dividends (¢ps)	0	0	0	0	0
Yield (%)	na	na	na	na	na
Franking (%)	na	na	na	na	na

Board

Director	Position	Executive
Peter Cook	Chairman	No
Mark Hepburn	Managing Director	Yes
John Braham	Director	No
Jake Russell	Director	No

CST – performance over one year





Analysis

Castile Resource Ltd						
Year End June						
Share price (A\$) 0.18						
Issued shares (m) 200						
Market Cap (A\$m) 35.9						
Options/Rights/Escrowed (m) 3.6						
Dilution (A\$60m at A\$0.31/sh) 194						
Fully diluted no. of Shares (m) 398						
P&L Statement (A\$m)	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
Revenue	0.1	0.0	0.0	0.0	0.0	114.0
Costs	(0.4)	(1.7)	(2.0)	(2.5)	(3.0)	(63.4)
EBITDA	(0.4)	(1.7)	(2.0)	(2.5)	(3.0)	50.6
D&A	(0.0)	0.0	0.0	0.0	0.0	(8.0)
Operating profit	(0.4)	(1.7)	(2.0)	(2.5)	(3.0)	42.6
NOI	0.0	0.41	0.0	0.0	0.0	0.0
EBIT	(0.4)	(1.3)	(2.0)	(2.5)	(3.0)	42.6
Interest income	0.0	0.0	0.2	0.5	0.3	0.2
Interest expense	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense	0.3	0.0	0.0	0.0	0.0	(8.6)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Reported NPAT	(0.1)	(1.3)	(1.8)	(2.0)	(2.7)	34.2
EPS Reported (A\$c)	(0.1)	(0.6)	(0.7)	(0.7)	(0.8)	8.6
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0
Avg. shares (m)	101	203	243	283	340	398
YE shares (m)	202	203	283	283	398	398
Cash Flow (A\$m)	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
EBITDA	(0.4)	(1.7)	(2.0)	(2.5)	(3.0)	50.6
Invest. In WC	0.7	0.0	0.0	0.0	(0.1)	(6.8)
Tax expense	(0.2)	0.2	0.0	0.0	0.0	(8.6)
Operating Cash Flow	0.2	(1.5)	(2.0)	(2.5)	(3.1)	35.2
Capex	0.0	0.0	0.0	0.0	(100.0)	(5.0)
Exploration	(2.2)	(4.9)	(5.1)	(5.4)	(5.7)	(6.0)
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(2.2)	(4.9)	(5.1)	(5.4)	(105.7)	(11.0)
Net interest	0.0	0.0	0.2	0.5	0.3	0.2
Debt	0.2	0.0	0.0	0.0	60.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised *	19.0	0.0	20.0	0.0	40.0	0.0
Financing Cash Flow	19.2	0.0	20.2	0.5	100.3	0.2
Non-operating/Other	(0.8)	0.4	0.0	0.0	0.0	0.0
Inc(Dec) in Cash	17.2	(6.0)	13.1	(7.4)	(8.5)	24
Balance Sheet (A\$m)	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
Cash & Equivalents	17.2	11.2	24.3	16.9	8.4	32.8
Receivables	0.0	0.0	0.0	0.0	0.0	11.4
Inventories	0.0	0.0	0.0	0.0	0.0	6.8
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
PPE and Exploration	17.8	22.7	27.8	33.2	138.9	141.8
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	0.6	0.6	0.6	0.6	0.6	0.6
Total Assets	35.6	34.5	52.8	50.8	147.9	193.5
Payables & Other	0.2	0.4	0.4	0.4	0.2	11.6
Short Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.1	0.1	0.1	0.1	60.1	60.1
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities incl NCI	0.4	0.6	0.6	0.6	60.4	71.8
Equity	35.3	34.0	52.2	50.2	87.5	121.7
Total Liabilities & Equity	35.6	34.5	52.8	50.8	147.9	193.5
Major Shareholders: June 2021 (Source: Iress)						
ASA Gold and Precious Metals	6.3%		Peter Cook	5.2%		
GSCA-ECA Resource	6.2%		Paradise Invest.	4.9%		
Kingdon Capital Management	5.4%		Ruffer LLP	4.5%		
Commodity prices	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
Copper (US\$/lb)	-	3.62	4.10	3.88	3.63	3.50
Gold (US\$/oz)	-	1,849	1,763	1,750	1,650	1,600
Silver (US\$/oz)	-	25	21	20	19	17
Cobalt (US\$/t)	-	50,000	50,000	50,000	50,000	50,000
AUD:USD	-	0.75	0.76	0.76	0.75	0.75
Production	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
Ore processed (ex Rover 1) (Mt)	-	0.00	0.00	0.00	0.00	0.425
Copper (t)	-	0.00	0.00	0.00	0.00	4,600
Gold (koz)	-	0.00	0.00	0.00	0.00	32
Silver (koz)	-	0.00	0.00	0.00	0.00	20
Cobalt (t)	-	0.00	0.00	0.00	0.00	115
Costs (A\$/lb Cu)	FY20A	FY21F	FY22F	FY23F	FY24F	FY25F
CI cash costs	-	na	na	na	na	5.58
AISC	-	na	na	na	na	6.35
Gold credits	-	na	na	na	na	(6.73)
AISC after gold credits	-	na	na	na	na	(0.38)
<i>Note: LOM AISC in Au forecast at A\$535/oz (after copper credits)</i>						
Resource (Rover Project)	Mt (ore)	Cu %	Au g/t	Pb %	Zn %	Co %
Rover 1	6.90	1.20%	1.74	0.00%	0.00%	0.06%
Explorer 108 - Pb/Zn zone	11.87	0.00%	0.00	2.00%	3.24%	0.00%
Explorer 108 - Cu zone	5.69	0.36%	0.00	0.00%	0.00%	0.00%
Explorer 142	0.18	5.21%	0.21	0.00%	0.00%	0.00%
<i>Note: Excludes silver, bismuth</i>						
In situ metal value by Resource						
In situ value by metal						
Forecast Rover 1 production profile (Cu and Au)						
Valuation	(A\$m)		(A\$/ps)			
Rover 1 NPV ₁₀	141	0.35				
Explorer 108	30	0.08				
Explorer 142	1	0.00				
Rover Project Resource (total)	172	0.43				
Exploration upside	5	0.01				
Warumpi Project (nominal)	2.5	0.01				
Investments	0	0.00				
Corporate costs	(23)	(0.06)				
Enterprise value	157	0.39				
Net cash (debt) (FY21)	11	0.03				
Equity value	168	0.42				

Source: Petra Capital. *Fully diluted for 194M new shares at an average price of A\$0.31/sh, to raise A\$60m in 2022/2024.

Executive Summary

A high-grade gold and base metal development opportunity

Castile Resources (ASX:CST) listed on the ASX in February 2020 following a demerger of Westgold Resources Ltd's (ASX:WGX) base metal assets via a share distribution and ~A\$20m equity raising. CST is primarily focused on its 100%-owned Rover Mineral Field (1,054km² tenement area), located 80km southwest of Tennant Creek in the Northern Territory. CST's second project is the Warumpi Project, a grass roots exploration project (800km² tenement) located ~300km west of Alice Springs and ~500km SW of the Rover Project.

Rover Mineral Field – comparison to nearby Tennant Creek mining district

The Rover Mineral Field is interpreted to be a westerly extension of the Tennant Creek Mineral Field (TCMF). The TCMF is recognised for the high-grade gold and copper mineralisation associated with iron-oxide-copper-gold (IOCG) ore deposits. Historical production from well-known mines like Warrego, Nobles Nob, Peko and Gecko, produced over 5Moz of gold at ~17g/t Au and over 420kt Cu at 2-4% Cu. Mineral Resources (defined by Westgold) exist for 3 deposits - Rover 1, Explorer 108, & Explorer 142.

Rover 1 Project: high-grade Cu-Au Resource targeted for expansion and development

Rover 1 is a high-grade IOCG deposit with a current Resource of 6.9Mt at 1.2% Cu and 1.74g/t Au, plus Co, Bi, & Ag, for 178kt Cueq @ 2.6% Cueq (or ~930koz Aueq @ 4.2g/t Aueq). Mineralisation starts at ~200m and has been defined to depths beyond 1,000m where it remains open. CST's inaugural 2020 drilling program identified a very high-grade gold core (typical of Tennant Creek IOCG gold mines) with an impressive "bonanza" first hole (20CDR001) intersection of 30.4m @ 35.6g/t Au and 1.46% Cu from 506m. A fully-funded 10,000m 2021 drilling program is currently infilling and extending the Jupiter and Jupiter Deeps lodes, as well as testing down plunge of the Jupiter West lode. A 2010 Scoping Study showed a development option with access to the Resource via a single 400m decline, and a standalone 0.4Mtpa processing plant. CST's near-term focus is the delivery of an expanded Resource and an updated feasibility study in 2H 2021.

Explorer 108: Pb/Zn Resource with analogue to Mt Isa

The Explorer 108 Pb/Zn deposit (11.8Mt at 3.2% Zn, 2.0% Pb) – equivalent to 179kt Cueq @ 1.5% Cueq or ~930koz Aueq @ 2.4g/t Aueq - is located 35km west of Rover 1. CST sees host rock, structural control and mineralisation analogues with the Mount Isa Pb/Zn/Cu deposits located 700km to the east. CST is currently preparing a previous drillhole for a downhole EM survey (DHEM), with the objective of vectoring in on the primary copper source that theoretically lies below the Pb/Zn mineralisation already identified. Positive DHEM results and a follow-up drilling program could lead to a significant exploration discovery, unlocking significant expansion and production upside potential.

Explorer 142: Cu Resource with similar geophysical footprint as Rover 1

Explorer 142 is a small Cu-Au deposit located in the west of the Project area with an estimated Resource of 0.18Mt @ 5.2% Cu and 0.21g/t Au. However, it displays a similar geophysical footprint (magnetic anomaly size and intensity) to Rover 1 and CST believe its gold-rich "feeder zone" has yet to be discovered. A DHEM survey and drill testing will target gold mineralisation to complement and expand the Cu Resource. Delineating a second Rover 1 "twin" is likely to be a significant share price catalyst.

Target price of A\$0.42/sh underpinned by NPV₁₀ valuation for Rover 1

Underpinned by an NPV₁₀ valuation for the Rover 1 Resource of A\$141m, we calculate CST's equity value at A\$168m (equivalent to A\$0.42 per fully diluted share). A peer comparison supports our view that CST offers value, trading at A\$0.04/lb of Cueq Resource, significantly below the broader copper peer group average of A\$0.19/lb. We believe the group's Resource unit value will re-rate on further positive exploration announcements and as the Rover 1 Project development plan is progressed.

Risks include (i) exploration success in establishing an economic Resource, (ii) capital requirements and timeframe to progress the Project to production, (iii) operating costs and production profile (iv) commodity price and FX volatility (v) regulatory environment.



Valuation and target price

Based on the relatively early stage nature of the Rover Project, our valuation and price target is based on a number of assumptions. Underpinned by a NPV₁₀ valuation for the Rover 1 Resource of A\$141m, we calculate CST's equity value at A\$168m (equivalent to A\$0.42 per fully diluted share) (Fig 2).

Figure 2: Equity value calculation

Item	A\$m	A\$/sh
Rover 1 NPV ₁₀	141	0.35
Explorer 108	30	0.08
Explorer 142	1	0.00
Rover Project Resource (total)	172	0.43
Exploration upside	5.0	0.01
Warumpi Project (nominal)	2.5	0.01
Investments	-	-
Corporate costs	(23)	(0.06)
Enterprise value	157	0.39
Net cash (debt) (FY21F)	11	0.03
Equity value	168	0.42

Source: Petra Capital

Rover 1 - key NPV assumptions

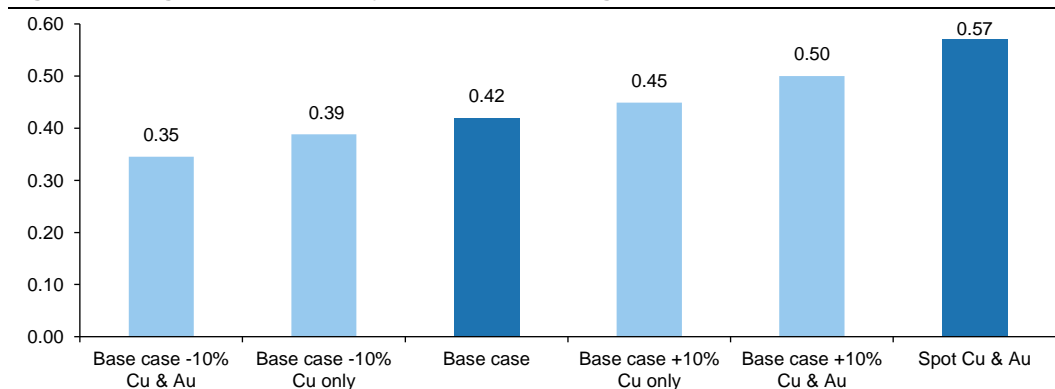
Key value drivers for Rover 1 are guided by Westgold's 2010 Scoping Study:

- We assume a LOM inventory of 3.4Mt (8yrs x 425ktpa) approximating to 50% of the current Rover 1 Resource of 6.9Mt), and annual production of 4,600t Cu and 32koz Au (equivalent to annual production of ~11,200t Cueq or 54koz Aueq), starting from FY25F.
- Capex and funding: we assume pre-production capex of A\$100m for a standalone 425ktpa plant is funded via 60% debt and 40% new equity (issued in FY24F @ A\$0.35/sh). We assume an additional A\$20m in new equity for working capital in FY22F @ A\$0.25/sh.
- Operating Costs: we forecast LOM cash operating costs of A\$140/t processed ore (vs 2010 Scoping Study A\$121/t) and negative all-in sustaining costs (AISC) of -A\$0.38/lb Cu (after gold co-product credits) or A\$535/oz Au (after copper co-product credits).

Copper and gold price sensitivity

Our base-case target price of A\$0.42/sh is predicated on forecast long-term (post CY2023) copper and gold prices of US\$3.50/lb and US\$1,600/oz respectively, with forecast production split ~40% to copper and ~60% to gold; a 10% change to our f'cast Cu and Au prices impacts our target price by ± 7% and ± 12% respectively. At spot copper and gold, our price target increases by 36% to A\$0.57/sh (Figure 3).

Figure 3: Target price sensitivity to the copper and gold price

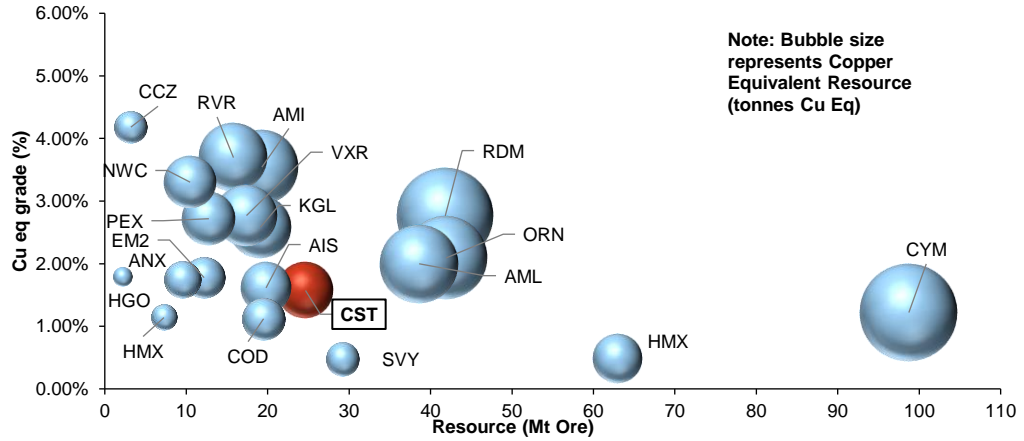


Source: Petra Capital

Peer comparison

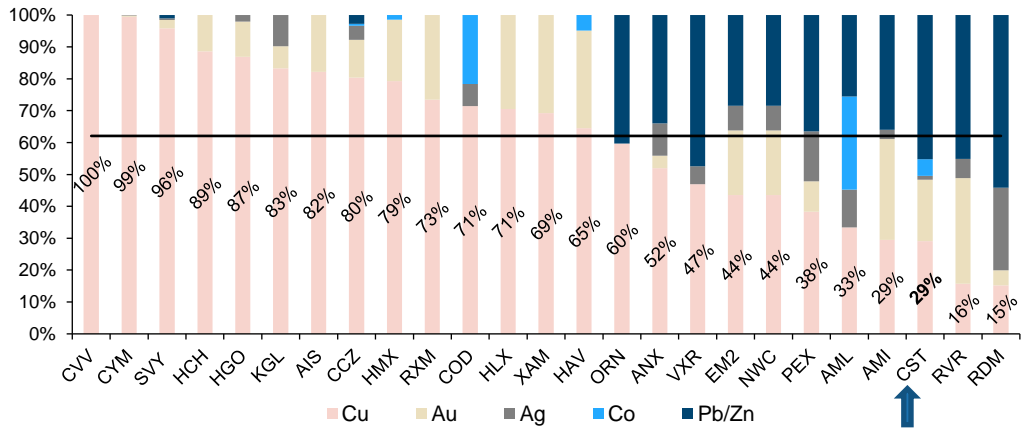
CST's aggregate Resource of 25Mt @ 1.57% Cueq for 387kt Cueq puts the group firmly in the middle of the explorer/developer/small producer peer group (Figure 4), although Cu as a % of the total Cueq Resource is below the peer average (Figure 5). We note that CST is trading at A\$0.04/lb attributable Cueq resource, well below the peer average of A\$0.19/lb (Figure 6).

Figure 4: ASX explorer/developer/small producer peer comp (<100Mt Resource)



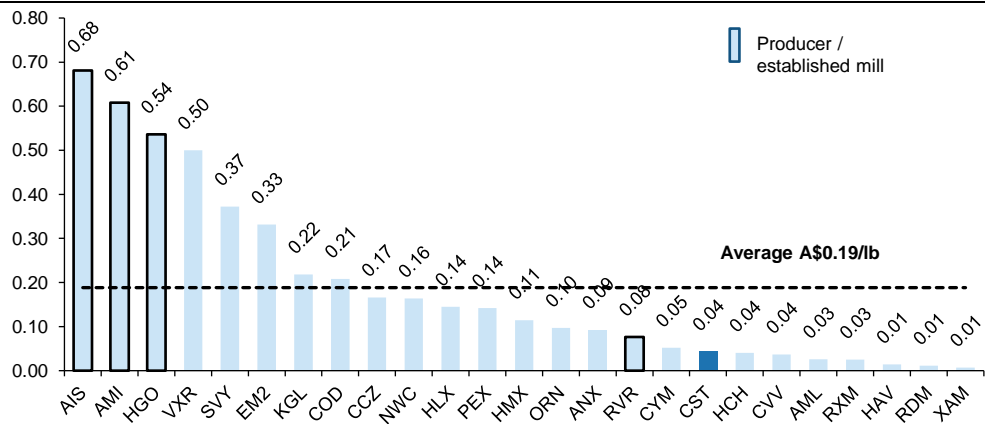
Source: Companies, Petra Capital. Note: for scaling purposes we have excluded XAM, RXM, HAV, CVV, HCH.

Figure 5: Metal contribution to Cueq Resource



Source: Companies, Petra Capital

Figure 6: Market Cap per attributable Cueq Resource (A\$/lb Cueq)



Source: Companies, Petra Capital

Assets

Castile Resources (ASX:CST) listed on the ASX in February 2020 following its demerger from Westgold Resources Ltd (ASX:WGX) via an in-specie 1:4 share distribution and a ~A\$20m raising at an issue price of A\$0.20/sh. Housing the base-metal-dominant assets of its former parent, CST's flagship asset is the 100%-owned Rover Mineral Field (1,054km²), located 80km southwest of Tennant Creek in the Northern Territory. CST's second project is the Warumpi Project, a grass roots exploration project (800km² tenement) ~300km west of Alice Springs and ~500km SW of the Rover Mineral Field (Fig 7).

Figure 7: Location of CST's Rover and Warumpi Projects in the NT



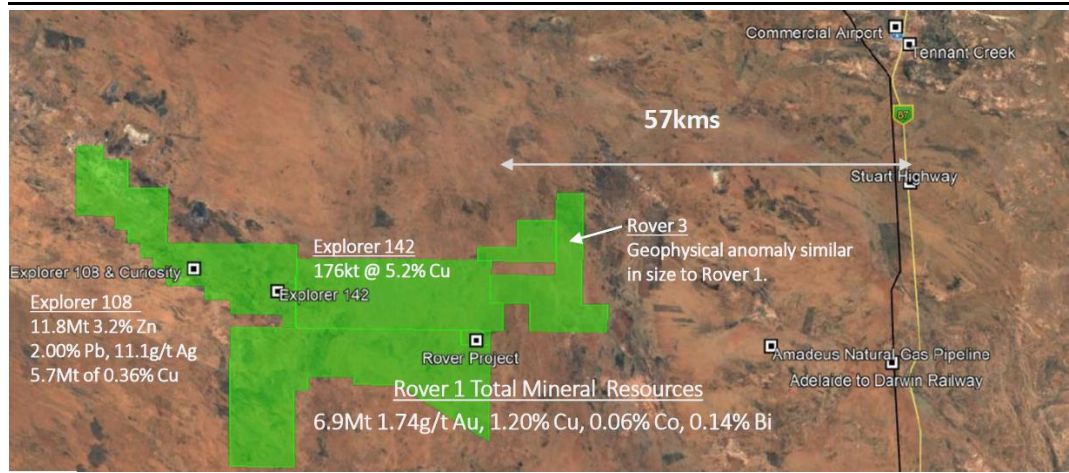
Source: Company, Petra Capital

Rover Mineral Field

The Rover Mineral Field is located 80km southwest of Tennant Creek. CST has consolidated a 1,054km² tenement package comprising 5 exploration licences and 2 exploration retention licences. Proterozoic-aged rocks (>1,850Ma) hosting gold-copper mineralisation are interpreted to be westerly extensions of similarly aged stratigraphies (Warramunga Formation) in the prolific Tennant Creek Mineral Field. The Tennant Creek mining district is known for high-grade Cu-Au deposits associated with magnetite-hematite-rich ironstones (IOCG-type deposits). Historical mines in this area (i.e., Warrego, Nobles Nob, Peko, Gecko, Juno, and White Devil) mined high-grade gold and rich polymetallic deposits and produced >5Moz Au (average 17g/t Au) and >420kt Cu (at 2-4% Cu).

The prospective host rocks at Rover - hydrothermally altered ironstone/shales/mudstones/greywackes and haematite-rich sediments - are buried beneath 100–200m of younger cover rock and require geophysical methods and deep drilling to define and test targets. Mineral Resources (defined by Westgold) exist for three deposits within the Rover Mineral Field - Rover 1, Explorer 108, and Explorer 142, with drilling targets defined at a number of other prospects (notably Rover 3) – Figure 8.

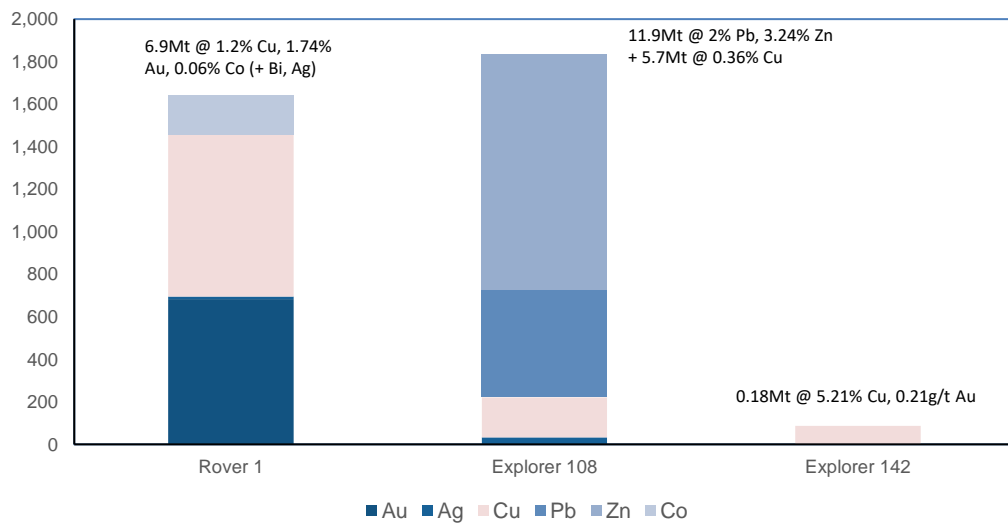
Figure 8: Tenements with Rover 1, Explorer 108, and Explorer 142 Resource locations



Source: Company

At current spot prices, we calculate CST's global polymetallic Resource at just over 387kt Cueq or 2Moz Aueq, with an in-situ value of US\$3.6bn, split 46% to the Cu-Au dominant Rover 1 Resource, 52% to the Pb-Zn dominant Explorer 108 Resource, and 2% to the Explorer 142 Cu Resource (Fig. 9).

Figure 9: In-situ Resource value (US\$m)



Source: Company, Petra Capital. Note: does not account for metallurgical recoveries or payability

Rover 1 – high grade IOCG deposit with expanded Resource and PFS targeted for Dec. Q'21

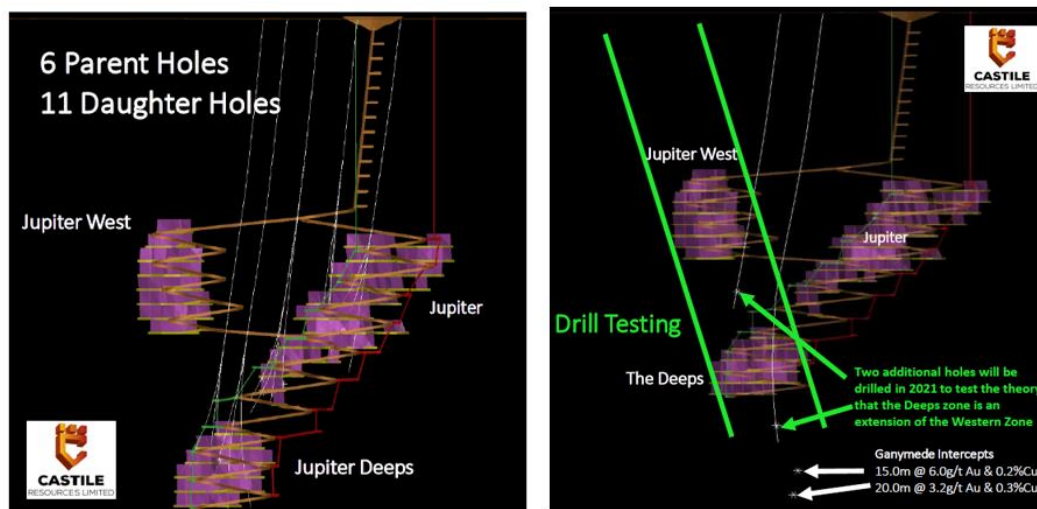
Rover 1 is a high-grade IOCG deposit (6.9Mt @ 2.6% Cueq or 4.2g/t Aueq) and is CST's primary focus, with the objective of delivering an expanded Resource and PFS by Dec. Q'21.

A 2010 Scoping Study carried out by Westgold showed a robust development option for the upper 300m of the orebody and forms the basis for the current PFS work program. Key outcomes of the 2010 Scoping Study included:

- An underground mine development accessed via a single decline; a standalone 400ktpa processing plant with expansion potential to 600ktpa; pre-production capital costs of A\$100m.
- Production of gold bullion (35kozpa) and copper concentrate (4ktpa Cu metal) with additional co-product credits from cobalt and bismuth; cash operating costs of A\$121/t processed ore and cash operating costs of A\$185/oz Au after copper credits.
- Note: metal prices used in the Study were US\$1,100/oz for Au and US\$7,000/t for Cu.

Following on from 85,000m of drilling by previous owners, CST's inaugural drilling program at Rover 1 commenced in August 2020 (delayed due to COVID restrictions), with an impressive first hole (20CDR001) intersection of 30.4m @ 35.6g/t Au and 1.46% Cu from 506m (plus Co, Bi and Ag). Subsequent diamond drill holes (parent and daughter) have continued to confirm the continuity of the high-grade Cu-Au mineralisation in the ore system. A fully-funded 10,000m 2021 drilling program (March –Sept 2021) will infill the Jupiter and Jupiter Deeps lodes (Figure 10, LHS) plus test the potential for a mineralised corridor connecting Jupiter West to Jupiter Deeps and to the deepest historically drilled mineralised intercepts (Ganymede Intercepts) at ~1,050m (Figure 10, RHS).

Figure 10: Rover 1 Resources and planned underground development



Source: Company

Rover 1 is extensively drilled, largely development ready, and close to infrastructure (Stuart Highway, rail, gas, commercial airport) and a major regional centre (Tennant Creek). Using data collected from the previous Scoping Study, and from current drilling and metallurgical work, the Rover 1 PFS will investigate:

- Modernised alternate mining and ore processing methods.
- Flexible financing strategies including leasing, renting or toll treating.
- Solar powered operations in partnership with Sun Cable's Australian-Asean Power Link Project, which is targeting to build the world's largest solar farm (3GW) near Tennant Creek.

Explorer 108 – Significant Pb/Zn Resource with potential analogue to Mt Isa

The Explorer 108 Pb/Zn deposit (11.8Mt @ 3.2% Zn, 2.0% Pb) is located 35km west of Rover 1. The deposit stratigraphy is folded about NE-trending upright folds and CST see host rock, structural control, and mineralisation analogues with the Mount Isa Pb/Zn/Cu deposits located 700km to the east. A historical drill hole is currently being cleaned out for a downhole DHEM survey, with the objective of vectoring in on the primary copper source that theoretically lies below the Pb/Zn mineralisation. The outcome of the geophysical results will then determine CST's inaugural Explorer 108 diamond drill program (potentially Sept/Dec. Q'21).

Explorer 142 – IOCG deposit similar to Rover 1

Explorer 142 is a small Cu-Au IOCG deposit located in the west of the Project area with an estimated Resource of 0.18Mt @ 5.2% Cu and 0.21g/t Au. However, it displays a similar geophysical footprint (magnetic anomaly size and intensity) to Rover 1. An exploration program (DHEM and drill testing) will target gold mineralisation to complement and expand the existing copper Resource.

Rover 3 – geophysical target also similar to Rover 1

CST to also run a DHEM probe down an historical drill hole (after Explorer 108 and Explorer 142).

Board of Directors

Peter Cook (Non-Executive Chairman) is a geologist BSc (App Geol 1983), mineral economist (MSc Min Econ 1995 WASM) and highly experienced veteran of the Australian resource sector. He is currently the Executive Chairman of Westgold Resources and has more than a decade of association with the Company and its assets. Mr Cook has substantial experience in the exploration, development, mining, construction, permitting and financing of development projects within Australia as well as the corporate management of listed public entities.

Mark Hepburn (Managing Director) has a degree in Economics and Finance (B.Econ. & Fin 1992 UWA) and has been a member of the Australian Institute of Company Directors since 2008. Mark has significant experience in institutional stockbroking, corporate transactions, capital markets funding and the management and corporate development of public companies.

Mark brings 28 years of substantial financial markets experience in the resources sector to Castile Resources. Mr Hepburn is also a Non-Executive Director of ASX listed lithium and gold explorer Firefinch Limited after being CEO where he oversaw the company's refinancing and corporate restructuring. Mark was also on the board of ASX listed Indonesian gold developer Sihayo Resources until November 2018.

John Braham (Non-Executive Director) is an experienced Mining Finance and Investment professional having a 24-year career with Macquarie Bank until 2017. For the last 11 years of his service John was an Executive Director and co-head of Macquarie's Global Mining and Finance Division. Mr Braham has vast experience in the provision of debt and equity to mining, exploration and development companies, worldwide.

Mr Braham brings Castile a set of finance and corporate skills to greatly assist with its future financing and development needs. Since November 2018, John has served as Managing Director of the ASX listed and South American focused Equus Mining Limited.

Jake Russell (Non-Executive Director) is a geologist B.Sc. (Hons) MAIG with circa 20 years of experience in exploration, mining, resource development and management. Jake is currently the group Chief Geologist of Westgold Resources Limited and prior to its demerger from Metals X Limited, was the Group Chief Geologist of Metals X Limited. Mr Russell brings Castile a second to none knowledge of the assets of Castile and a high degree of technical expertise in their exploration, resource development and exploitation.

Figure 11: Directors' Interests

Director	Shares	Options	Total
Peter Cook	10,395,117		10,395,117
Mark Hepburn	1,310,000	3,600,000	4,910,000
John Braham	275,911	-	275,911
Jake Russell	-	-	-

Source: Company (2020 Annual Report), Iress



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